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Fact Sheet for the Honorable David Pryor,
Chairman, Subcommittee on Federal
Services, Post Office, and Civil Service,
Committee on Governmental Affairs, U.S.
Senate

June 1988

GOVERNMENT CONSULTANTS

Agencies' Consulting Services Contract Obligations for Fiscal Year 1987



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June 23, 1988

The Honorable David Pryor
Chairman, Subcommittee on Federal
Services, Post Office, and
Civil Service
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

This fact sheet responds to your request for information on contracting for consulting services by federal agencies. It contains (1) federal agencies' fiscal year 1987 consulting services contract obligations based on criteria recommended by the President's Cabinet Council on Management and Administration and (2) amounts actually reported by the General Services Administration's (GSA) Federal Procurement Data System (FPDS) as agencies' obligations for consulting services contracts in fiscal year 1987.

We have done considerable work in the past on the use of consultants. Since agencies begin their budget preparation long before the actual budget year starts, they need some flexibility to respond to unforeseen demands. Consultants can play a valuable role in helping agencies achieve their mission effectively and efficiently. However, we have found that the government's use of consultants has been vulnerable to abuse and improprieties.

OBLIGATIONS FOR CONSULTING SERVICES CONTRACTS

Recognizing that substantial underreporting of consulting services contracts was occurring, the Cabinet Council determined that four categories of product/service codes in FPDS were solely for consulting services. The four categories were as follows:

- Management and Professional Services.
- Special Studies and Analyses.
- Technical Assistance.
- Management Reviews of Program-Funded Organizations.

In addition, the Cabinet Council identified the following seven other categories of product/service codes that could include consulting services:

- Management and Support Services for Research and Development (excluding procurement actions related to maintenance type services).
- Technical Representatives (study activities only).
- Quality Controls (study activities only).
- Special Medical Services (study activities only).
- Public Relations (study activities only).
- Training.
- Engineering Development and Operational Systems Development Stages of Research and Development.

As discussed in our testimony before your Subcommittee on June 13, 1988, FPDS reported that federal agencies incurred contract obligations of \$245 million for consulting services in fiscal year 1987 (see app. III). Using the reporting criteria established by the Cabinet Council increases this amount substantially. Reported obligations under the first four categories identified by the Cabinet Council totaled about \$4 billion for fiscal year 1987. The other seven categories identified by the Cabinet Council included contract obligations of over \$16 billion. Information is not readily available for determining the extent of consulting services that may be included in the \$16 billion. (See apps. I and II.)

OBSERVATIONS RELATED TO
CONSULTING SERVICES CONTRACTS

The Office of Management and Budget improved its guidance to federal agencies on the reporting of consulting services contracts in its January 1988 revision to Circular No. A-120. The revised circular generally reflects the categories the Cabinet Council identified as being solely for consulting services. However, the revised circular does not completely cover the seven categories the Cabinet Council determined could involve consulting services. This still leaves agencies with considerable discretion in identifying consulting services contracts, and underreporting could continue.

Also, the revised circular does not address two FPDS limitations that result in underreporting of consulting services contracts. The first relates to contract actions for \$25,000 or less. The second relates to contract actions for products or services but for which consulting services do not form the predominant part of the contract obligation.

Agencies are not required to report individual contract actions for \$25,000 or less to GSA for entry into the FPDS. Instead, they can aggregate on a consolidated agency statement all such actions without identifying the relevant procurement categories. When contract actions are aggregated in this manner, it is not possible to identify which of the actions were for consulting services. Since our June 13 testimony, we have learned that FPDS reports show that some agencies have individually reported contract actions for \$25,000 or less to FPDS even though they are not required to do so. However, information is not readily available to determine the extent to which that has occurred.

The second limitation involves contract actions that include consulting services along with other types of products and/or services. In these cases, FPDS instructions require agencies to identify consulting services obligations only when they constitute the predominant part of these contract actions. Thus, the above \$4 billion amount does not include contract actions in which consulting services were not the major part.

SCOPE AND METHODOLOGY

We obtained the fiscal year 1987 contract obligations for each of the procurement categories identified by the President's Cabinet Council on Management and Administration from GSA's FPDS. We did not verify the accuracy of the information obtained. Also, we did not determine the extent to which FPDS reporting system limitations resulted in an understatement of reported obligations for consulting services because data were not readily available to do this.

As you requested, we combined the fiscal year 1987 obligations in the same agency groupings that were included in appropriations bills for fiscal year 1989. The information in this fact sheet includes FPDS reported contract obligations for consulting services for all agencies that are covered by 11 of the 13 appropriations

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bills for fiscal year 1989. We did not include agencies covered by the Legislative and District of Columbia appropriations bills because agencies that fall under these appropriations do not report contract obligations to GSA for inclusion in FPDS.

Also, we combined the Department of Defense and Military Construction appropriations bills because reported fiscal year 1987 contract obligations could not be applied to each bill separately. We also summarized FPDS data that agencies identified and reported as consulting services in fiscal year 1987.

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As agreed with you, we will send copies to interested parties and make copies available to others upon request. If we can be of further assistance, please call me on 275-5074.

Sincerely yours,

Bernard L. Ungar

Bernard L. Ungar
Associate Director

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ABBREVIATIONS

ACUS	Administrative Conference of the United States
AID	Agency for International Development
ACDA	Arms Control and Disarmament Agency
BIB	Bureau for International Broadcasting
CFTC	Commodity Futures Trading Commission
CPSC	Consumer Product Safety Commission
EPA	Environmental Protection Agency
EEOC	Equal Employment Opportunity Commission
EOP	Executive Office of the President
FEC	Federal Election Commission
FEMA	Federal Emergency Management Agency
FPDS	Federal Procurement Data System
FTC	Federal Trade Commission
GSA	General Services Administration
HHS	Health and Human Services
HUD	Housing and Urban Development
ICC	Interstate Commerce Commission
MSPB	Merit Systems Protection Board
NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration
NFAH	National Foundation for the Arts and Humanities
NGA	National Gallery of Art
NLRB	National Labor Relations Board
NMB	National Mediation Board
NSF	National Science Foundation
NRC	Nuclear Regulatory Commission
OPM	Office of Personnel Management
RRB	Railroad Retirement Board
SEC	Securities and Exchange Commission
SBA	Small Business Administration
SI	Smithsonian Institution
TVA	Tennessee Valley Authority
USIA	United States Information Agency
VA	Veterans Administration

GOVERNMENTWIDE SUMMARY OF ESTIMATED
FISCAL YEAR 1987 CONSULTING SERVICES
OBLIGATIONS BY APPROPRIATION BILL

Amount identified using Cabinet Council procurement categories			
Appropriations Bill	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Defense/Military			
Construction	\$2,804,331,000	\$15,945,932,000	\$18,750,263,000
HUD	255,767,000	355,569,000	611,336,000
Labor	127,451,000	226,877,000	354,328,000
Foreign Operations	295,781,000	49,376,000	345,157,000
Energy	193,832,000	73,741,000	267,573,000
Transportation	227,807,000	21,864,000	249,671,000
Commerce	127,401,000	48,116,000	175,517,000
Interior	46,730,000	17,413,000	64,143,000
Agriculture	29,362,000	14,322,000	43,684,000
Treasury	28,770,000	8,974,000	37,744,000
TOTAL	\$4,137,232,000	\$16,762,184,000	\$20,899,416,000

ESTIMATED FISCAL YEAR 1987
CONSULTING SERVICES OBLIGATIONS
BY APPROPRIATION BILL

Table II.1:

H.R. 4782 Making Appropriations
for the Departments of Commerce,
Justice, and State, the Judiciary,
and Related Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Commerce	\$37,687,000	\$27,370,000	\$65,057,000
State	44,393,000	15,081,000	59,474,000
Justice	12,415,000	5,065,000	17,480,000
EEOC	19,547,000	125,000	19,672,000
USIA	7,106,000	312,000	7,418,000
SBA	5,529,000	163,000	5,692,000
ACDA	578,000	0	578,000
FTC	(21,000)	0	(21,000)
SEC	167,000	0	167,000
TOTAL	\$127,401,000	\$48,116,000	\$175,517,000

Table II.2:
H.R. 4784 Making Appropriations
for Rural Development, Agriculture,
and Related Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Agriculture	\$29,307,000	\$14,322,000	\$43,629,000
CFTC	55,000	0	55,000
TOTAL	\$29,362,000	\$14,322,000	\$43,684,000

Table II.3:

H.R. 4783 Making Appropriations
for the Departments of Labor,
Health and Human Services, and
Education, and Related Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Labor	\$25,554,000	\$144,750,000	\$170,304,000
ACTION	826,000	545,000	1,371,000
HHS	30,969,000	81,023,000	111,992,000
Education	68,019,000	366,000	68,385,000
RRB	365,000	193,000	558,000
NLRB	101,000	0	101,000
NMB	1,617,000	0	1,617,000
TOTAL	\$127,451,000	\$226,877,000	\$354,328,000

Table II.4:H.R. 4637 Making Appropriations
for Foreign Operations, Export
Financing, and Related Programs

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
AID	\$295,548,000	\$42,678,000	\$338,226,000
Peace Corps	233,000	6,698,000	6,931,000
TOTAL	\$295,781,000	\$49,376,000	\$345,157,000

Table II.5:
H.R. 4794 Making Appropriations
for the Department of Transportation
and Related Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Transportation	\$227,607,000	\$21,864,000	\$249,471,000
ICC	200,000	0	200,000
TOTAL	\$227,807,000	\$21,864,000	\$249,671,000

Table II.6:
H.R. 4800 Making Appropriations
for the Department of Housing
and Urban Development, and
for Sundry Independent Agencies,
Boards, Commissions, Corporations,
and Offices

Amount identified using Cabinet Council
procurement categories

Department/Agency	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
HUD	\$19,308,000	\$988,000	\$20,296,000
EPA	167,994,000	25,793,000	193,787,000
NASA	2,180,000	252,462,000	254,642,000
FEMA	57,369,000	1,614,000	58,983,000
NSF	1,047,000	25,839,000	26,886,000
VA	6,791,000	48,672,000	55,463,000
CPSC	1,078,000	201,000	1,279,000
TOTAL	\$255,767,000	\$355,569,000	\$611,336,000

Table II.7:H.R. 4567 Making Appropriations
for Energy and Water Development

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Energy	\$151,049,000	\$67,391,000	\$218,440,000
NRC	9,622,000	716,000	10,338,000
TVA	33,161,000	5,634,000	38,795,000
TOTAL	\$193,832,000	\$73,741,000	\$267,573,000

Table II.8:

H.R. 4775 Making Appropriations
for the Treasury Department,
the United States Postal Service,
the Executive Office of the
President, and Certain
Independent Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Treasury	\$22,696,000	\$8,448,000	\$31,144,000
GSA	4,558,000	499,000	5,057,000
OPM	389,000	27,000	416,000
ACUS	51,000	0	51,000
MSPB	101,000	0	101,000
FEC	40,000	0	40,000
NARA	397,000	0	397,000
EOP	538,000	0	538,000
TOTAL	\$28,770,000	\$8,974,000	\$37,744,000

Table II.9:

H.R. 4781 and H.R. 4586 Making
Appropriations for the Department
of Defense and for Military
Construction for the Department
of Defense

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Defense	\$2,804,331,000	\$15,945,932,000	\$18,750,263,000
TOTAL	\$2,804,331,000	\$15,945,932,000	\$18,750,263,000

Table II.10:H.R. 4867 Making Appropriations for the
Department of the Interior and
Related Agencies

Department/Agency	Amount identified using Cabinet Council procurement categories		
	4 categories that involve consulting services	7 categories that could involve consulting services	Total 11 categories
Interior	\$46,524,000	\$16,213,000	\$62,737,000
SI	0	1,200,000	1,200,000
NFAH	179,000	0	179,000
NGA	27,000	0	27,000
TOTAL	\$46,730,000	\$17,413,000	\$64,143,000

FISCAL YEAR 1987 CONSULTING SERVICES
OBLIGATIONS REPORTED BY FEDERAL
AGENCIES TO THE FPDS

<u>Appropriations bill/department/ agency</u>	<u>Reported consulting services obligations for fiscal year 1987</u>
<u>Rural Development, Agriculture, and Related Agencies</u>	
Agriculture	\$ 5,852,000
CFTC	<u>55,000</u>
Total	<u>\$ 5,907,000</u>
<u>Commerce, Justice, and State, the Judiciary, and Related Agencies</u>	
Commerce	\$ 17,677,000
Justice	1,369,000
State	584,000
EEOC	75,000
USIA	0
SBA	60,000
ACDA	0
FTC	0
SEC	0
BIB	<u>30,000</u>
Total	<u>\$ 19,795,000</u>
<u>Department of Defense and for Military Construction for the Department of Defense</u>	
Defense	<u>\$155,904,000</u>
Total	<u>\$155,904,000</u>
<u>Energy and Water Development</u>	
Energy	\$ 157,000
NRC	1,206,000
TVA	<u>750,000</u>
Total	<u>\$ 2,113,000</u>

Foreign Operations, Export Financing,
and Related Programs

AID	\$ 5,057,000
Peace Corps	<u>0</u>
Total	\$ <u>5,057,000</u>

Housing and Urban Development, and for
Sundry Independent Agencies, Boards,
Commissions, Corporations, and Offices

HUD	\$ 165,000
EPA	10,231,000
NASA	2,774,000
FEMA	7,398,000
NSF	105,000
VA	7,577,000
CPSC	<u>713,000</u>
Total	\$ <u>28,963,000</u>

Department of the Interior
and Related Agencies

Interior	\$ 765,000
SI	0
NFAH	0
NGA	701,000
Penn. Ave. Development Corporation	<u>857,000</u>
Total	\$ <u>2,323,000</u>

Labor, Health and Human Services,
and Education, and Related Agencies

Labor	\$ 4,266,000
ACTION	0
HHS	11,783,000
Education	2,670,000
RRB	0
NLRB	199,000
NMB	<u>0</u>
Total	\$ <u>18,918,000</u>

Transportation and Related Agencies

Transportation	\$ 529,000
ICC	<u>13,000</u>
Total	\$ <u>542,000</u>

Treasury Department, the United States
Postal Service, the Executive Office of
the President, and Certain Independent Agencies

Treasury	\$ 1,304,000
GSA	4,262,000
OPM	69,000
ACUS	51,000
MSPB	0
FEC	0
NARA	0
EOP	273,000
Total	<u>\$ 5,959,000</u>
Total All Agencies	<u>\$245,481,000</u>

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